

GEORGE DALE
Commissioner of Insurance
State Fire Marshal

LEE HARRELL
Deputy Commissioner



STATE OF MISSISSIPPI
Mississippi Insurance Department

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COMPLIANCE REVIEW FINDINGS

March 7, 2005

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

The Mississippi Insurance Department's response to the Compliance Audit Finding for the Fiscal Year 2004 is outline below. Corrective action has been taken to comply with the audit recommendations.

AUDIT FINDING:

1. Controls over bank accounts should be strengthened

Response:

The Department agrees that in some instances, there was no supervisory review of bank reconciliations. We agree that outstanding checks in the general account were not cleared until the beginning of the current fiscal year.

Corrective Action Plan:

A. The Accounting Division will require a second level review of the bank statement reconciliations to ensure completion and accuracy of bank accounts. These reviews will be initialed and dated. The Department makes every effort to process and clear all outstanding checks after one year on the general account. This will be done at the end of each fiscal year. The Accounting Division is researching the outstanding checks on the remaining accounts in order to clear all of these items.

B. Both Nancy Stuart and Yvonne Shotts will be working together to ensure any corrective measures are implemented.

C. All corrections recommended by the Audit Department have either already been corrected, or will be immediately.

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2. Controls over Procurement Card purchases should be strengthened

Response:

The Insurance Department agrees that all procurement card purchases made by the Purchasing Chief were not signed off on by another approving official.

Corrective Action Plan:

- A. The Insurance Department has immediately begun the process of a second level approval for all procurement card purchases made by the Purchasing Chief.
- B. Yvonne Shotts, Nancy Stuart or Fran Shoemaker will ensure the second level approval is received on all procurement card purchases made by the Purchasing Chief.
- C. This recommendation has already been implemented.

3. Agency should maintain adequate Surety bond coverage

Response:

The Insurance Department maintains Fidelity or Surety Bonds on all Insurance Department employees. However, after the 2003 election, the Insurance Department did not receive an invoice for the renewal of the Surety Bond for the Deputy Insurance Commissioner. This was an oversight by the Insurance Department and the vendor.

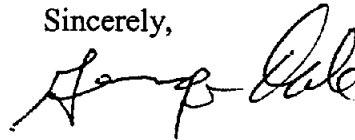
Corrective Action Plan:

- A. The Insurance Department has renewed the Surety Bond for the Deputy Insurance Commissioner. The Purchasing Chief and both secretaries for the Insurance Commissioner and Deputy have made notations on their calendars to ensure the renewal of the Insurance Commissioner and Deputy Insurance Commissioner's Surety Bonds at the end of policy term.
- B. Both Yvonne Shotts and Nancy Stuart will be the contacts to ensure all Fidelity and Surety bonds are renewed properly and timely.
- C. This audit finding was corrected immediately during the audit review. The Surety Bond was renewed immediately by the agency and vendor.

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We appreciate the cooperation of all the Audit Department's staff during this audit. If you have any further questions, please feel free to contact Nancy Stuart of my office at 359-2482 or me.

Sincerely,

A handwritten signature in black ink, appearing to read "George Dale", written in a cursive style.

George Dale
Commissioner of Insurance

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